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RESERVE TRAINING AND OPERATING EXPENSES APPROPRIATIONS TO MERGE

As a management improvement step, and after considerable review and lengthy discussion among officials of the Bureau of the Budget, Treasury Department and Coast Guard, the Coast Guard's submission of the FY 1968 budget estimates to Congress will merge the Reserve Training and Operating Expenses appropriations. Because the Reserve Appropriation has provided the "life blood" for the growth of the Reserve program for a number of years now, it is natural that such an announcement raises questions in the minds of many Reservists. Why merge? What advantages are there to merging appropriations? Will the Reserve program be adversely affected by the merger? This article discusses the merger in the light of these questions.

To better understand the "why" of the merger, a basic review of significant and progressive changes in the Coast Guard's budget process during the past several years may be helpful. Approximately twelve years ago, the Coast Guard adopted an Operating Expenses Appropriation budget format based on types and activity of units. For example, the budget schedule included such line items as Vessel, Aviation, Shore Station Operations, Repair and Supply Facilities, and Training and Recruiting Facilities. While this type of presentation told the Coast Guard and reviewing officials what the requested dollars were being spent on (input), it did not reveal what those dollars were being spent for in terms of output. Thus, no one knew how much search and rescue was costing in comparison

with aids to navigation, for example.

In June 1963, a study was commenced at Coast Guard Headquarters to develop a program or mission-oriented budget. The recommendations of this study and the ensuing development and refinement of procedures ultimately resulted in the submission of the FY 1967 Operating Expenses budget on a program basis—Search and Rescue, Aids to Navigation, Law Enforcement, Merchant Marine Safety, etc.

During the early stages of developing these new Operating Expenses presentation, a new integrated Planning-Programming-Budgeting System (PPBS) was inaugurated for ultimate adoption throughout the Federal Government. This new system was established to help remedy a number of shortcomings in the budget process such as (1) objectives and accomplishments of agency programs and activities not being specified with enough clarity and concreteness, (2) alternatives insufficiently presented for consideration by top management and (3) future year costs of present decisions not being laid out systematically enough. In adopting the programs for carrying out the provisions of this new system, the Treasury Department designated Reserve Training as one of the basic Coast Guard missions on the same level as Search and Rescue, Aids to Navigation, etc. However, with one mission, Reserve Training, funded by a separate appropriation program, cost comparability would be unclear and inconsistent.

With this basic background in mind, the primary "why" of the

merger is that by presenting and executing all Coast Guard programs under a single appropriation, resources would be allocated to the Reserve program on the same basis as they are to other Coast Guard missions. The resulting budget presentation and associated execution procedures would permit a more meaningful comparison and evaluation of all Coast Guard missions in connection with the new Planning-Programming-Budgeting System.

In addition to this advantage, a merged appropriation will realize other overall management advantages. For example, administrative workload will be reduced by the elimination of a large number of separate accounts, controls, worksheets, vouchers, and the inevitable reports.

Another advantage will be greater efficiency in the use of technical talent. Under separate appropriations, about 40 percent of the Reserve Training Appropriation is transferred to Operating Expenses Subhead administrators for actual obligation. This is done to simplify accounting and because those subhead administrators have the technical competence to get the most for the Reserve training dollar in their own areas of specialization. Merger of the appropriations will bring the appropriate subhead administrators into the process at an earlier stage in planning. This will enable Reserve program administrators to concentrate on their role as total program managers without actual management of the support and maintenance subheads involved. It is emphasized, however, that Reserve Program Administrators will continue to exercise direct planning-programming-budgeting and control of INACDUTRA, ACDUTRA, travel, and training aid funds as-

SEE EXPENSES ON PAGE 2

sociated with the Reserve program. This direct fund control will be greater than that presently exercised by any other program or mission manager in the Coast Guard such as for example, the Office of Operations for the Aids-to-Navigation Program.

These advantages notwithstanding, there are several basic factors involved in the merger which should be considered. Separation of the RT appropriation from OE was originally requested by the Coast Guard in 1950 at a time when Reserve training was a new and untried program. Now that the Reserve program is a well-established mission, the motivation for a separate submission is greatly diminished. Another factor is that requirements of the Reserve program are already merged with those of other Coast Guard programs within the Retired Pay and AC&I appropriations. Moreover, separate appropriation identity is no longer a prerequisite to budgetary control under a program budget concept. Reserve program levels would continue to be fully disclosed, including presentation of non-financial data and tables as justification material for Reserve Training as a budget activity. Another important factor is that congressional guidelines would continue to provide direction and support to the Commandant in establishing a Reserve program level from funds available in a merged appropriation.

Pragmatically, only time will tell the fullest extent to which the Reserve Program will benefit by the merger. Perhaps the benefit will be even greater than presently envisioned. Any such evaluation should take into consideration the political, economic, and military climate of the period in question, realizing that the Reserve Program exists solely to provide variable mobilization requirements, and that it is one of eight basic Coast Guard Programs. These factors will bring about increased competition of the Reserve Program with all other national programs. Thus, this increased competition and any changes in program levels will not be due to the merger, but rather the Planning Programming-Budgeting System throughout the Government. Fortunately, the "top team" of the Coast Guard is very understanding and sympathetic to the needs of the Reserve program. This is perhaps best expressed by quoting the present Chief of Staff of the Coast Guard: "I have studied this matter based on approximately seven years of duty in the Reserve program, and feel definitely



Over 200 friends gathered at the Officers' Club, Hanscom Air Force Base, Bedford, Mass., to honor Commander and Mrs. George Mac GARVEY at a dinner dance on 25 November 1966. The occasion was the impending retirement of CDR Mac GARVEY after 20 years of active duty. Since his return to active duty

in 1950, CDR Mac's assignments have been almost entirely within the Reserve Program. Our best wishes go with you. Left to right: CDR Michael J. COYNE, Mrs. Mil Mac GARVEY, CDR Mac GARVEY and LCDR Thomas O'HARA, Chairman of the dinner dance.

that there will be absolutely no deleterious effect on the program by virtue of this merger. The object of one Coast Guard with a common mission will be enhanced."

In conclusion, the real challenge to all Coast Guard programs is the impact of the Planning-Programming-Budgeting System of which the appropriation merger is merely a logical extension. How can individual Reservists help in meeting this challenge? The answer is simple to state but more difficult to accomplish. Reservists, from seaman to unit commanding officers, can help the program by devoting greater efforts toward increasing program performance in areas such as drill attendance, ACDUTRA attendance, advancements in rate and quality of training within available resources. Thus, as the Reserve program comes under closer scrutiny and greater competition in the months and years ahead, how it fares will largely depend on the efforts of all hands associated with the program. The Headquarters and district staffs stand ready to meet the challenge. Will you?

F.I.C.A. INCREASE

Contributions to Social Security will increase from 4.2% to 4.4% on 1

January 1967. The maximum annual withholding from the pay of participants will increase from \$277.20 to \$290.40. The maximum annual taxable earnings subject to this tax remains at \$6,600.

NEW MEDICARE BENEFITS

Until 1 January 1967, Reservists retiring with pay under Title 10, United States Code, Sections 1331-1337 must have had at least 8 years of active duty to qualify for medical care at military and Public Health Service hospitals. On 1 January 1967, personnel retired with pay (regardless of length of active service) and their dependents became eligible for treatment at uniformed services facilities on a space available basis and provided the treatment required is within the capabilities of the hospital or clinical staff.

Public Law 89-614 (Military Medical Benefits Amendments of 1966) also extended medical care at civilian facilities to each Reservist, retired with pay, (under age 65) and to the dependent spouse (under age 65), and to children. Dependents of Reservists who died while serving on active duty for a period in excess of 30 days are also entitled to the same

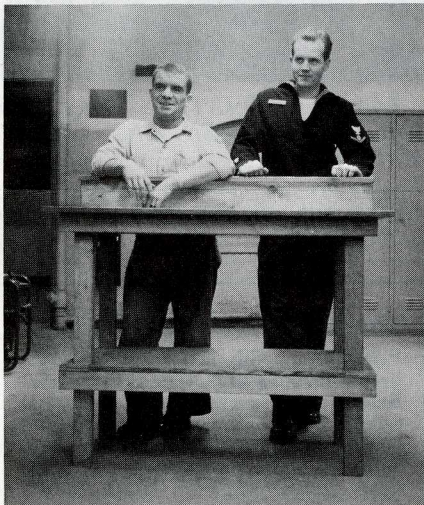
care. Entitlement to medical care in civilian facilities under this program terminates upon reaching age 65. Thereafter, only those persons not eligible for medicare under Social Security will continue to be eligible for civilian medical care under Public Law 89-614. However, entitlement to medical care from uniformed services facilities continues even after age 65.

Elimination by Congress of the previously required 8 years of active service for eligibility for medical care now replaces Retired Reservists on an equal status with Retired Regular personnel and is a major new benefit for Reservists and their dependents.

THE ADMIRAL'S CORNER

Many questions and some criticisms have been aimed at the Coast Guard's public information program by a number of Reservists whose deep loyalty to the Coast Guard Reserve is unquestioned. "More good publicity" is the call most often heard. Some of the good reasons—our modest efforts in various parts of the country, restricted budget, limited numbers of the Coast Guard public information personnel, etc., do not satisfy the critics. Rightly so. We can do more and better.

On my return from the El Paso trip, a conference of Coast Guard, Coast Guard Reserve and Coast Guard Auxiliary top people was held to discuss this continuing, long-range problem. The results were encouraging. Subject to the approval of the



Dramatically demonstrating the practical applications of rate training is this effort of the Damage Controlman Class of ORTUAG 05-83391, Washington, D.C. Planned during a previous drill, DC3 K. M. O'CALLAGHAN (right) and EN3 D. B. KERR, cut and shaped the material, constructed, and stained this carpenter's work bench in less than two hours.

Chief of Operations (for Auxiliary) and the Chief of Staff (for Coast Guard Public Information office), a strengthening of the Coast Guard's Public Information program will be built up by coordination among Coast Guard, Coast Guard Reserve and Coast Guard Auxiliary. Projects will be initiated for accomplishment by the Reserve and the Auxiliary with limited materials and fund support from CPI. Subcommittees or working groups will be established to ensure continuance and enhancement of plans and to receive, suggest and select new ideas to improve those plans now on hand.

We are also examining new methods and additional efforts to improve old methods to get the word out to the field, to get the Coast Guard Auxiliary and the Reserve to assist in publicizing those important stories of the Coast Guard which have not yet been publicized enough or not even publicized at all in some parts of the country.

At a meeting in December of the senior board (Chief, Office of Reserve, Chief, Public Information Division, and Chief, Auxiliary Division), a subcommittee was selected to push forward the programs which have been approved.

The Commandant's concern and interest in the area of Coast Guard public information has been evident in recent months by consultation with an advisory group; a group consisting of leaders in public relations and public information fields. The Commandant is considering a contract with a high-quality public relations firm to make a survey throughout the United States concerning the Coast Guard's public image which will pinpoint areas not only of limited knowledge of Coast Guard, but specific gaps of understanding of Coast Guard duties and responsibilities. This public opinion survey, if undertaken, would be so oriented and developed that it would show what the Coast Guard should do to improve its public image in all of the areas, and where we need improvement.

Meanwhile every member of the Coast Guard Reserve is encouraged to assist us in promoting a good image of the Coast Guard and of the Reserve and in bringing to the attention of the various news media those stories which may have news value or feature value of long-range impact.

It has long been a slogan of top officials in government and in industry, "public information is everybody's business."

R. R. Waesche



Taking a bit of variety from their normal Monday night drill routine, these Coast Guard Reservists of ORTUAG 03-83214, USCG BASE, Gloucester City, New Jersey, recently attended a multiple drill of the unit on Sunday, 30 October.

The quartermaster and boatswain mate trainees took advantage of the facilities of the buoy tender CGC ZINNIA for practical training.

Shown are QM3 PERLMUTTER, with LCDR J. E. HARRIS, explaining the taking of an azimuth of the sun at a gyro repeater and QM3 KOSOWSKI practicing a sun sight with a sextant.

photo by James Kravilz

VETERANS READJUSTMENT BENEFITS ACT

The Veterans Administration has published a pamphlet (VA Pamphlet 23-66-1, May 66) entitled "Summary of the Veterans Readjustment Benefits Act of 1966," (Public Law 89-358 approved 3-3-66). This pamphlet highlights such benefits as Veterans Educational Assistance and Loan Guaranty Benefits. Those Reservists who are interested in obtaining a copy should contact the nearest VA office.

ARMED FORCES RESERVE MEDAL

The supply of Armed Forces Reserve Medals at Coast Guard Headquarters has been exhausted for approximately eight months, and it is anticipated that a new supply will not be available for at least another six months. Issuance of these awards to qualified applicants will be resumed as soon as stocks are replenished.

THE DEPARTMENT OF TRANSPORTATION STORY

The Hoover Commission Report of 1949 on the Organization of the Executive Branch of the Government recommended that all non-regulatory transportation activities of the Executive, including the Coast Guard, be grouped in the Department of Commerce. At the close of President Eisenhower's term of office, he recommended establishment of a Department of Transportation and that the Coast Guard be a key agency. Neither recommendation was approved.

In early 1966, President Johnson recommended formation of a Department of Transportation with the Coast Guard as one of the key elements located therein. The bill was sent to the Congress and passed in October of last year.

It is a matter of record that the main reasons for the Coast Guard being in the Treasury Department (prevention of smuggling, collection of the revenues, etc.) have long since become obsolete. Since the Coast Guard is the principal maritime safety organization of the United States, it is logical that the Coast Guard would occupy a cornerstone position in any Department of Transportation.

As soon as it became apparent that the bill was likely to pass, Rear Admiral-elect Mark A. Whalen was called down from New York to head up a Task Force of Coast Guard officers to insure preservation of the Coast Guard's military status and legal entity in the final act, and to aid in passage of the legislation.

Admiral Whalen's work was done so well that the Congress accepted without objection or change the task force's proposal and this was written into the bill which became law.

The other important units which will be a part of the new department are as follows:

1. Federal Aviation Agency
2. Bureau of Public Roads
3. Safety functions of the CAB
4. Safety and care service functions of the ICC
5. Alaska Railroad
6. St. Lawrence Seaway Development Corporation
7. Great Lakes Pilotage Administration

After the bill was passed, and in November of 1966, President Johnson nominated Mr. Alan Boyd, presently Under Secretary of the Department of Commerce for Transportation, to be the new Secretary of Transportation and authorized him to begin the plans for the organization of the new de-

partment. The Bureau of the Budget selected Vice Admiral Paul E. Trimble, the Assistant Commandant of the Coast Guard, to head up an inter-agency Task Force, the duty of which would be to recommend the organization and the staffing of the new Department. By Christmas of 1966, this Task Force job was completed and the Task Force was dissolved as had been Admiral Whalen's Task Force some weeks previously.

In the new department, the four Assistant Secretaries will have no command responsibility over the individual agencies. The head of each agency (in the case of the Coast Guard, it would be the Commandant) will report directly to the Secretary of Transportation. This is a big step up for each of the agencies which has been under other government departments in the past.

To provide the best staffing possible in this department, it will be necessary that some military and civilian personnel of the Coast Guard be transferred to the senior staffs of the department, and it follows also that senior personnel of the other agencies involved will also be part of the staff. This, in our opinion, gives each agency an additional break, for these senior staff personnel being already acquainted with the background, the needs and the programs of their individual agencies, will perhaps need less justification and description of the various projects which are involved in the budgetary processes for recommendation to the budget committee and to the Congress.

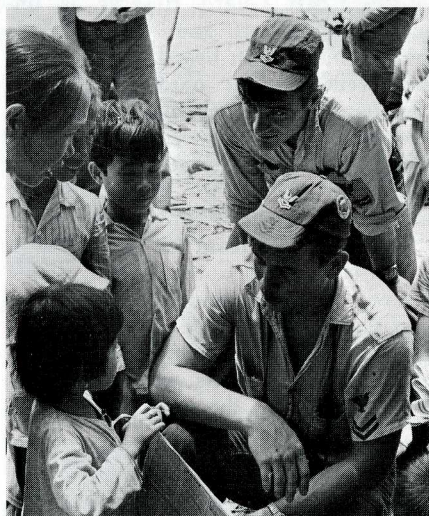
As can be expected, there has been widespread discussion among Coast Guard officers and civilian personnel for many months as to the wisdom of this move to the Department of Transportation. After sifting all the facts and looking into the future as best we can, it is generally concluded by those in the most responsible positions in the Coast Guard, including the Commandant and Assistant Commandant, that the move to the Department of Transportation is a fine thing for the Coast Guard and will result in long-range benefits, some of which cannot even yet be foreseen. There should be no change in the plans or the programs for the Coast Guard Reserve for the foreseeable future because the Department of Defense and the Navy dictate the missions of the Coast Guard Reserve and these will have no scrutiny by Department of Transportation officials except in the

matter of budgetary funds.

The Department of Transportation will probably start to operate in March of 1967. We look forward with much interest and hope to a continuing growth of the Coast Guard, the Coast Guard Reserve and the other branches of this important service.

Consumer Price Index Rises

The CPI rose to 114.5 in October. This rise puts retirees in a 0.35% head-start towards the next CPI pay increase. In order for retirees to realize a 3% increase in their retirement pay, the CPI must reach 117.5 and remain there, or go higher, for three consecutive months.



Luther R. WINTERS, ET2, and Jens H. ANDERSEN, EN2, (POINT MAST crewmen) deliver Vietnamese newspapers to a remote village. (More next month on Coast Guard activity in Vietnam.)

The Coast Guard RESERVIST

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ADMIRAL W. J. SMITH
Commandant, U.S. Coast Guard
RADM R. R. WAESCHE
Chief, Office of Reserve
ENS T. J. HOUSE
Editor

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